

LEGISLATURE OF NEBRASKA
NINETY-NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 367

Introduced by Nebraska Retirement Systems Committee:
Stuhr, 24, Chairperson; Erdman, 47; D. Pederson, 42;
Price, 26; Synowiecki, 7

Read first time January 11, 2005

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 23-2308 and
2 24-703, Revised Statutes Supplement, 2004; to authorize
3 and change provisions relating to late payment fees; and
4 to repeal the original sections.
5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 23-2308, Revised Statutes Supplement,
2 2004, is amended to read:

3 23-2308. The county clerk shall pay to the board or an
4 entity designated by the board an amount equal to two hundred fifty
5 percent of the amounts deducted from the compensation of employees
6 in accordance with the provisions of section 23-2307, which two
7 hundred fifty percent equals the employees' contributions plus the
8 county's contributions of one hundred fifty percent of the
9 employees' contributions.

10 The board may charge the county an administrative
11 processing fee of twenty-five dollars if the reports of necessary
12 information or payments made pursuant to this section are received
13 later than the date on which the board requires that such
14 information or money should be received. In addition, the board
15 may charge the county a late fee of thirty-eight thousandths of one
16 percent of the amount required to be submitted pursuant to this
17 section for each day such amount has not been received or in an
18 amount equal to the amount of any costs incurred by the member due
19 to the late receipt of contributions, whichever is greater. The
20 late fee may be used to make a member's account whole for any costs
21 that may have been incurred by the member due to the late receipt
22 of contributions.

23 Sec. 2. Section 24-703, Revised Statutes Supplement,
24 2004, is amended to read:

25 24-703. (1) Each original member shall contribute
26 monthly four percent of his or her monthly compensation to the fund
27 until the maximum benefit as limited in subsection (1) of section
28 24-710 has been earned. It shall be the duty of the Director of

1 Administrative Services in accordance with subsection (10) of this
2 section to make a deduction of four percent on the monthly payroll
3 of each original member who is a judge of the Supreme Court, a
4 judge of the Court of Appeals, a judge of the district court, a
5 judge of a separate juvenile court, a judge of the county court, a
6 clerk magistrate of the county court who was an associate county
7 judge and a member of the fund at the time of his or her
8 appointment as a clerk magistrate, or a judge of the Nebraska
9 Workers' Compensation Court showing the amount to be deducted and
10 its credit to the fund. The Director of Administrative Services
11 and the State Treasurer shall credit the four percent as shown on
12 the payroll and the amounts received from the various counties to
13 the fund and remit the same to the director in charge of the judges
14 retirement system who shall keep an accurate record of the
15 contributions of each judge.

16 (2)(a) Beginning on July 1, 2004, each future member who
17 has not elected to make contributions and receive benefits as
18 provided in section 24-703.03 shall contribute monthly six percent
19 of his or her monthly compensation to the fund until the maximum
20 benefit as limited in subsection (2) of section 24-710 has been
21 earned. After the maximum benefit as limited in subsection (2) of
22 section 24-710 has been earned, such future member shall make no
23 further contributions to the fund, except that any time the maximum
24 benefit is changed, a future member who has previously earned the
25 maximum benefit as it existed prior to the change shall contribute
26 monthly six percent of his or her monthly compensation to the fund
27 until the maximum benefit as changed and as limited in subsection
28 (2) of section 24-710 has been earned.

1 (b) Beginning on July 1, 2004, a judge who first serves
2 as a judge on or after such date or a future member who elects to
3 make contributions and receive benefits as provided in section
4 24-703.03 shall contribute monthly eight percent of his or her
5 monthly compensation to the fund until the maximum benefit as
6 limited by subsection (2) of section 24-710 has been earned. After
7 the maximum benefit as limited in subsection (2) of section 24-710
8 has been earned, such judge or future member shall contribute
9 monthly four percent of his or her monthly compensation to the fund
10 for the remainder of his or her active service.

11 (c) It shall be the duty of the Director of
12 Administrative Services to make a deduction on the monthly payroll
13 of each such future member who is a judge of the Supreme Court, a
14 judge of the Court of Appeals, a judge of the district court, a
15 judge of a separate juvenile court, a judge of the county court, a
16 clerk magistrate of the county court who was an associate county
17 judge and a member of the fund at the time of his or her
18 appointment as a clerk magistrate, or a judge of the Nebraska
19 Workers' Compensation Court showing the amount to be deducted and
20 its credit to the fund. This shall be done each month. The
21 Director of Administrative Services and the State Treasurer shall
22 credit the amount as shown on the payroll and the amounts received
23 from the various counties to the fund and remit the same to the
24 director in charge of the judges retirement system who shall keep
25 an accurate record of the contributions of each judge.

26 (3) A Nebraska Retirement Fund for Judges fee of five
27 dollars shall be taxed as costs in each civil cause of action,
28 criminal cause of action, traffic misdemeanor or infraction, and

1 city or village ordinance violation filed in the district courts
2 and the county courts. In county courts a sum shall be charged
3 which is equal to ten percent of each fee provided by sections
4 33-125, 33-126.02, 33-126.03, and 33-126.06. No judges retirement
5 fee shall be charged for filing a report pursuant to sections
6 33-126.02 and 33-126.06. When collected by the clerk of the
7 district or county court, such fees shall be paid to the director
8 in charge of the judges retirement system on forms prescribed by
9 the board by the clerk within ten days after the close of each
10 calendar quarter. The board may charge a late administrative
11 processing fee not to exceed twenty-five dollars if the information
12 and money required by this subsection are delinquent or are not
13 timely received. In addition, the board may charge a late fee of
14 thirty-eight thousandths of one percent of the amount required to
15 be submitted pursuant to this section for each day such amount has
16 not been received. Such director shall promptly thereafter remit
17 the same to the State Treasurer for credit to the fund. No
18 Nebraska Retirement Fund for Judges fee which is uncollectible for
19 any reason shall be waived by a county judge as provided in section
20 29-2709.

21 (4) All expenditures from the fund shall be authorized by
22 voucher in the manner prescribed in section 24-713. The fund shall
23 be used for the payment of all annuities and other benefits and for
24 the expenses of administration.

25 (5) The fund shall consist of the total fund as of
26 December 25, 1969, the contributions of members as provided in this
27 section, all supplementary court fees as provided in subsection (3)
28 of this section, and any required contributions of the state.

1 (6) Not later than January 1 of each year, the State
2 Treasurer shall transfer to the fund the amount certified by the
3 board as being necessary to pay the cost of any benefits accrued
4 during the fiscal year ending the previous June 30 in excess of
5 member contributions for that fiscal year and court fees as
6 provided in subsection (3) of this section, if any, for that fiscal
7 year plus any required contributions of the state as provided in
8 subsection (9) of this section.

9 (7) Benefits under the retirement system to members or to
10 their beneficiaries shall be paid from the fund.

11 (8) Any member who is making contributions to the fund on
12 December 25, 1969, may, on or before June 30, 1970, elect to become
13 a future member by delivering written notice of such election to
14 the board.

15 (9) Not later than January 1 of each year, the State
16 Treasurer shall transfer to the fund an amount, determined on the
17 basis of an actuarial valuation as of the previous June 30 and
18 certified by the board, to fully fund the unfunded accrued
19 liabilities of the retirement system as of June 30, 1988, by level
20 payments up to January 1, 2000. Such valuation shall be on the
21 basis of actuarial assumptions recommended by the actuary, approved
22 by the board, and kept on file with the board. For the fiscal year
23 beginning July 1, 2002, and each fiscal year thereafter, the
24 actuary for the board shall perform an actuarial valuation of the
25 system using the entry age actuarial cost method. Under this
26 method, the actuarially required funding rate is equal to the
27 normal cost rate, plus the contribution rate necessary to amortize
28 the unfunded actuarial accrued liability on a level payment basis.

1 The normal cost under this method shall be determined for each
2 individual member on a level percentage of salary basis. The
3 normal cost amount is then summed for all members. The initial
4 unfunded actual accrued liability as of July 1, 2002, if any, shall
5 be amortized over a twenty-five-year period. During each
6 subsequent actuarial valuation, changes in the funded actuarial
7 accrued liability due to changes in benefits, actuarial
8 assumptions, the asset valuation method, or actuarial gains or
9 losses shall be measured and amortized over a twenty-five-year
10 period beginning on the valuation date of such change. If the
11 unfunded actuarial accrued liability under the entry age actuarial
12 cost method is zero or less than zero on an actuarial valuation
13 date, then all prior unfunded actuarial accrued liabilities shall
14 be considered fully funded and the unfunded actuarial accrued
15 liability shall be reinitialized and amortized over a
16 twenty-five-year period as of the actuarial valuation date. If the
17 actuarially required contribution rate exceeds the rate of all
18 contributions required pursuant to the Judges Retirement Act, there
19 shall be a supplemental appropriation sufficient to pay for the
20 differences between the actuarially required contribution rate and
21 the rate of all contributions required pursuant to the Judges
22 Retirement Act.

23 (10) The state or county shall pick up the member
24 contributions required by this section for all compensation paid on
25 or after January 1, 1985, and the contributions so picked up shall
26 be treated as employer contributions in determining federal tax
27 treatment under the Internal Revenue Code as defined in section
28 49-801.01, except that the state or county shall continue to

1 withhold federal income taxes based upon these contributions until
2 the Internal Revenue Service or the federal courts rule that,
3 pursuant to section 414(h) of the code, these contributions shall
4 not be included as gross income of the member until such time as
5 they are distributed or made available. The state or county shall
6 pay these member contributions from the same source of funds which
7 is used in paying earnings to the member. The state or county
8 shall pick up these contributions by a compensation deduction
9 through a reduction in the compensation of the member. Member
10 contributions picked up shall be treated for all purposes of the
11 Judges Retirement Act in the same manner and to the extent as
12 member contributions made prior to the date picked up.

13 Sec. 3. Original sections 23-2308 and 24-703, Revised
14 Statutes Supplement, 2004, are repealed.